

**MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

Buena Vista – May 20, 2019

Attendance:

Member	Present
N. Batta	Yes
C. Bo	No
C. Bonini	No
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	No
J. Cohan	No
N. Cook	Yes
C. Davis	Yes
K. Dwyer	No
B. Fasy	Yes
R. Geisenberger	Yes
R. Glen	Yes
G. Hindes	Yes
J. Horthy	Yes

Member	Present
M. Houghton	Yes
M. Jackson	No
Q. Johnson	No
K. Lewis	Yes
A. Lubin	Yes
G. Marcozzi	No
I. McConnel	No
C. Morgan	Yes
M. Morton	No
E. Ratledge	Yes
T. Shopa	No
D. Short	Yes
D. Sokola	Yes
D. Swayze	Yes
K. Walker	Yes

Members in Attendance: 20
Members Absent: 11

Others Present: A. Aka, R. Armitage, J. DeChene, B. DiVirgilio, C. Engelsiepen, R. Goldsmith, J. Hudson, A. Jenkins, J. Kirch, K. Knight, M. Magarik, M. Marlin, B. Motyl, S. O'Sullivan, A. Penney, D. Roose, S. Scola, J. Vaughan and members of the press.

Opening Business: Mr. Houghton called the meeting to order at 1:30 p.m.

The minutes from the April meeting were approved as submitted.

Expenditure Forecasts:

Mr. Ratledge and Ms. Engelsiepen presented the General Fund Expenditure forecasts.

General Fund Expenditures - Fiscal Year 2019:

Mr. Ratledge indicated that FY 2019 spending authority amounts to \$4,745.2 million. He began by reviewing the Balance Sheet method. Mr. Ratledge noted that the Reversions estimate is unchanged from last month while the Encumbered and Continuing estimates are up by a total of \$20 million. Ms. Engelsiepen explained that funds for a one-time project are being carried over next year either as Continuing or Encumbered. She noted that 45% of the funds have been spent.

Mr. Ratledge then reviewed the Functional method. He said that Salary, Fringe Benefits, Pension, Debt Service and Grants are unchanged between April and May. Mr. Ratledge mentioned that the Medicaid estimate was down by \$5.0 million from April. Ms. Engelsiepen pointed to favorable trends in the past few months. She has previously indicated during the Subcommittee meeting that the number of individuals eligible for Medicaid was around 236,913, which is almost unchanged from the 236,818 recorded a year earlier.

Mr. Ratledge said the Contractual Services estimate has been reduced by \$15.0 million between April and May, whereas estimates for Supplies and Materials and Capital Outlay remained flat. Ms. Engelsiepen noted that yearly changes in Grants, Contractual Services, Capital Outlays and Supplies and Materials are attributable to additional cash to the Bond bill. She also attributed the monthly decline in the Contractual Services estimate to the aforementioned one-time project (See Table 1a and Table 1b for complete details).

A motion was made, seconded and approved to accept \$4,407.6 million as the Expenditure estimate for FY 2019. The estimate represents an increase of \$289.5 million from FY 2018 and a decrease of \$20.0 million from the April estimate.

General Fund Expenditures - Fiscal Year 2020:

Ms. Engelsiepen reviewed the assumptions surrounding the FY 2020 Expenditure estimate. She said assumptions for Salaries include pay policy and collective bargaining agreements.

Ms. Engelsiepen added that rates are assumed flat in the derivation of the Fringe Benefits estimate. Meanwhile, the Pension estimate is based on a slight rate reduction from FY 2019. As a result changes in Fringe Benefits and Pension are almost entirely due to changes in Salaries.

Ms. Engelsiepen mentioned that drivers for the Medicaid estimate are negotiated rates with the Managed Care Organizations and an \$18.0 million carryover from the reconciliation of funds between the State and federal government that will take place at the end of the ongoing fiscal year.

Ms. Engelsiepen said that spending on Grants, Contractual Services, Capital Outlays and Supplies and Materials are expected to decline in the aggregate. She explained that while FY 2019 includes \$189.0 million in cash to the Bond bill, FY 2020 includes a smaller \$95.0 million. Finally, the change in the Debt Service estimate can be traced to scheduled payments. (See Table 1c and Table 1d for complete details.)

A motion was made, seconded and approved to accept \$4,483.7 million as the Expenditure estimate for FY 2020. The estimate represents an increase of \$76.1 million from FY 2019.

Mr. Geisenberger noted that since the FY 2020 Expenditure estimate does not take into account the revenue forecasts that will be voted on during the meeting, they will be subject to the deliberations of the General Assembly over the next two months.

Revenue Forecasts:

Mr. Lewis and Mr. Roose presented the General Fund Revenue forecasts.

Economic Outlook

Mr. Aka presented economic forecasts for the U.S. (produced by IHS Markit ("IHS")) and Delaware (developed by the Department of Finance).

He said the Bureau of Economic Analysis' (BEA) initial estimate of first-quarter real GDP growth was 3.2%, well above last month's IHS forecast of 2.0% and also ahead of their "tracking" estimate of 2.9% just prior to BEA's release. Because the higher-than-expected growth occurred in the first quarter, its impact was to raise the IHS forecast of GDP growth in 2019 by 0.4 percentage point, even though their forecast for GDP growth going forward is generally weaker through 2021 than shown last month.

Mr. Aka said that Delaware's steady economic performance continues, as the U.S. expansion approaches record length. He noted the forecasts for DE employment and Wages and Salaries are left unchanged over the next two years.

General Fund Revenues - Fiscal Year 2019:

The Revenue Subcommittee recommended the following updates to April's estimates:

Revenue Category	Apr-19	May-19	Change
Personal Income Tax	1,699.9	1,718.3	18.4
PIT Refunds	(210.0)	(191.9)	18.1
Corporation Income Tax	178.1	185.0	6.9
CIT Refunds	(40.0)	(45.0)	(5.0)
Insurance Taxes	82.1	85.4	3.3
Cigarette Taxes	126.7	124.6	(2.1)
Gross Receipts Tax	258.0	260.0	2.0
Dividends and Interest	23.6	24.8	1.2
Hospital Board and Treatment	36.3	35.3	(1.0)
Public Utility Tax	37.1	36.1	(1.0)
Other Refunds	(23.6)	(23.7)	(0.1)

For a complete listing of FY 2019 estimates, see Table 2.

Discussion of FY 2019 Estimates:

Personal Income Tax (PIT) Less Refunds: Mr. Roose recommended an increase in the estimate by \$36.5 million.

Mr. Roose said withholding, which accounts for 85-90% of revenues, is on track to meet the forecast. He mentioned that estimated payments, which were down 17% before first-quarter payments, are down only 12% after April. After noting that second-quarter payments are due in June Mr. Roose described greater-than-usual uncertainty, as most taxpayers now know the amount of their 2018 liability and may adjust payments accordingly. Because of this uncertainty, an 8% decline for May and June combined has been factored in the forecast.

Mr. Roose said final payments were very strong through last month but part of their strength has to do with a very smooth processing season from the Finance Department. He indicated that the number of returns (inclusive of extension payments) processed through May 17 is up 2.3%. Because growth in returns should be around population growth for the whole of the fiscal year (or 1.5%), there are fewer returns left to process this fiscal year when compared with the same period last year. As a result, Mr. Roose recommended a \$13.4 million increase in the final payments estimate. He pointed the increase is not in line with tracking because of the smooth processing season.

Mr. Roose said since there are also fewer refunds to be paid out, the estimate has been reduced by \$18.1 million, adding to the bottom line.

During the Subcommittee meeting, Mr. Roose had described various

uncertainties affecting the revenue estimate, including the effect of the federal tax reform on taxpayers' behaviors and the lack of federal and State data. He indicated that payment patterns will not be "normal" until 2020.

Gross Receipts Tax: Mr. Roose recommended an increase in the estimate by \$2.0 million.

Mr. Roose attributed the change to continued oil price increases.

Corporate Income Tax (CIT) Less Refunds: Mr. Roose recommended an increase in the estimate by \$1.9 million.

Mr. Roose recommended a \$6.9 million increase in gross receipts to bring the estimate in line with the low end of tracking. He also recommended adding \$5.0 million to refunds.

Dividends and Interest (D&I): Mr. Roose recommended an increase in the estimate by \$1.2 million.

Ms. Davis attributed the change to a favorable interest rate environment.

Other changes were attributed to tracking.

FY 2019 Estimate Adopted:

A motion was made, seconded and approved to accept \$4,567.7 million as the revenue estimate for FY 2019. The estimate represents an increase of \$40.7 million from the April estimate.

General Fund Revenues - Fiscal Year 2020:

The Revenue Subcommittee recommended the following updates to April's estimates:

Revenue Category	Apr-19	May-19	Change
Unclaimed Property	525.0	540.0	15.0
PIT Refunds	(212.5)	(203.0)	9.5
Personal Income Tax	1,790.7	1,800.1	9.4
Corporation Income Tax	180.2	187.2	7.0
Cigarette Taxes	129.7	127.7	(2.0)
Public Utility Tax	36.5	35.2	(1.3)
Dividends and Interest	31.3	32.4	1.1
Other Refunds	(17.8)	(18.8)	(1.0)
Insurance Taxes	73.7	74.1	0.4

For a complete listing of FY 2020 estimates, see Table 2.

Discussion of FY 2020 Estimates:

PIT Less Refunds: Mr. Roose recommended an increase in the estimate by \$18.9 million.

Mr. Roose has previously discussed during the Subcommittee meeting the net PIT growth of 4.6% for FY 2020, which is 0.8% slower than the average growth over the last 6 years.

Unclaimed Property: Mr. Roose recommended an increase in the estimate by \$15.0 million.

Mr. Roose noted greater confidence as the end of the fiscal year approaches that examination activity will not slow down significantly in the near future, despite remaining litigation risks.

Mr. Houghton asked for an explanation of these risks. Mr. Geisenberger said a major risk has to do with a U.S. Supreme Court case related to MoneyGram and the treatment of money orders and bank checks. He indicated a special master has been appointed to the case and expected a decision by the Supreme Court either in 2020 or 2021. Mr. Geisenberger also mentioned litigations in state and federal courts around the State of Delaware subpoena power. He said changes made to Unclaimed Property laws in 2017 might have weakened those cases.

Other Refunds: Mr. Roose recommended an increase in the estimate by \$1.0 million.

Mr. Roose said license fee refunds may settle at a higher baseline after FY 2019's large refund.

Other changes reflected the carrying forward of changes made in FY 2019.

FY 2020 Estimate Adopted:

A motion was made, seconded and approved to accept \$4,619.3 million as the revenue estimate for FY 2020. The estimate represents an increase of \$38.1 million from the April estimate.

Mr. Geisenberger said nominal growth rates for the overall estimates are 4.0% for FY 2019, 1.1% for FY 2020 and 1.7% for FY 2021. He added that 40.0% of the state revenue portfolio grow with the economy; they include the personal income tax, gross receipts tax and realty transfer tax. In addition, revenue categories that are financial service-related such as the corporate franchise tax, bank franchise tax and insurance tax are seeing robust 3.0% growth rates. On the other hand the last 25% of the revenue portfolio, which includes the public utility tax, tobacco taxes and the lottery, is expected to shrink over time.

Mr. Houghton stressed the volatility of Unclaimed Property and risks surrounding the revenue category. Mr. Swayze asked if those risks have been quantified. Mr. Geisenberger answered it will depend on court rulings and any ruling will most likely have benefits and costs on both sides. Mr. Swayze asked if there is a plan put into place to mitigate those risks. Mr. Geisenberger said the statutory cap of \$554.0 million should stay in place until these sources of uncertainty disappear.

Balance and Appropriations Worksheet: Mr. Roose presented the Balance and Appropriations worksheet. The result of this exercise is attached as Table 3.

FY 2020 Budget Benchmark: Mr. Roose said the budget benchmark is intended to restrain the growth in state spending in good times, leaving funds available in bad times to help soften the impact of a downturn on revenues. Under Executive Order Number 21 the calculation of the benchmark is based on personal income growth, population growth, and an inflation measure for state and local government purchases. In December the benchmark index stood at 3.8% while it stands at 3.7% in May.

Mr. Geisenberger noted the budget benchmark is advisory and the change between May and December is minor.

A motion was made, seconded, and approved to accept the budget benchmark index of 3.7%.

CY 2020 Health Care Spending Benchmark: Ms. Walker said the DEFAC health

care spending benchmark was discussed at the last 2 meetings of the Health Care Spending Benchmark Subcommittee. In the last meeting all indicators going into the benchmark calculation were reviewed. Ms. Walker said there was a modest change in one component of the benchmark (the growth of labor force productivity), but the committee determined the impact was not material and maintained the benchmark of 3.5% for CY 2020.

A motion was made, seconded, and approved to accept the health care spending benchmark of 3.5% for CY 2020.

Transportation Trust Fund (TTF)

TTF -- Expenditures: Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

State Operations Expenditure: There was no change from the April estimate of \$347.3 million.

Mr. Motyl said the expenditure category is performing as expected.

State Capital Expenditure: Increased from \$290.0 million in April to \$301.6 million.

Mr. Motyl said the increase is mostly driven by the Road System spending category, which increase is in turn due to large expenditures on various projects.

Federal Capital Expenditure: Reduced from \$245.0 million in April to \$230.0 million.

Mr. Motyl explained that the government shutdown has led to a drop of the expenditure category by \$15.0 million but noted that the funds are not lost.

U.S. 301 Capital Expenditure: There was no change from the April estimate of \$117.7 million.

A motion was made, seconded, and approved to accept \$996.6 million as the FY 2019 TTF expenditure estimate. The estimate represents a decrease of \$3.4 million from the April estimate (See Table 4.)

TTF -- Revenues: Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

The following changes were made from the April estimates.

FY 2019 Estimates:

Toll Road Revenues: There was no change from the April estimate of \$208.9 million.

Motor Fuel Tax Administration: Increased from \$142.4 million in April to \$144.4 million.

Mr. Motyl said the motor fuel tax forecast was raised at the March meeting to reflect strong consumption. He indicated that revenues were tracking slightly ahead of forecast last month but they have been tracking a lot more than forecast this month.

Division of Motor Vehicles: There was no change from the April estimate of \$218.0 million.

Other Transportation Revenues: There was no change from the April estimate of \$16.6 million.

U.S. 301 Capital Expenditure: There was no change from the April estimate of \$7.9 million.

A motion was made, seconded, and approved to accept \$595.8 million as the FY 2019 TTF revenue estimate. The estimate represents an increase of \$2.0 million from the April estimate.

FY 2020 Estimates:

The following changes were made from the April estimates.

Toll Road Revenues: There was no change from the April estimate of \$211.4 million.

Motor Fuel Tax Administration: Increased from \$143.8 million in April to \$145.8 million.

Division of Motor Vehicles: There was no change from the April estimate of \$221.2 million.

Other Transportation Revenues: There was no change from the April estimate of \$16.6 million.

U.S. 301 Revenues: There was no change from the April estimate of \$17.8 million.

A motion was made, seconded, and approved to accept \$612.8 million as the FY 2020 TTF revenue estimate. The estimate represents an increase of \$2.0 million from April (See Table 5.)

Responding to Mr. Geisenberger's question about motor fuel tax rate hikes in Pennsylvania, Mr. Motyl said the last increase will take place this year. In response to a question from Mr. Houghton, Mr. Motyl said Delaware last raised its rate in 1995. Mr. Ratledge asked about the increase in U.S. 301 revenues from \$7.9 million this year to \$17.8 million next year. Mr. Motyl said the FY 2019 figure represented only 6 months of activities.

Other Business:

Mr. Houghton announced the next scheduled DEFAC meeting date:

- June 19, 2019

The meeting falls on a Wednesday and will take place in Dover.

There being no further business, Mr. Houghton adjourned the meeting at 2:15 p.m.

Respectfully submitted,

Arsene Aka

Table 1a.

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Recommended by Expenditures Subcommittee;
May 20, 2019

Table 1b.

DEAC Expenditures Forecast for General Fund Disbursements FY2019 (\$ in millions)																			
May 20, 2019																			
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019
	Actual	Actual	Actual	Actual	Actual	Sep	Dec	Mar	April	May	Difference	% change	Annual Avg.	% spent	FY2019 YTD	FY2018 total	FY2017 total	FY2016 total	FY2015 total
Salaries	1,306.8	1,338.5	1,361.8	1,402.9	1,421.1	1,486.7	1,486.7	1,493.2	1,498.0	1,498.0	76.9	5.4%	2.77%	34.5%	1,286.5	34.5%	34.2%	34.8%	34.9%
Fringe Benefits	396.0	403.0	453.7	480.5	479.6	513.7	494.5	491.3	493.5	493.5	13.9	2.9%	4.50%	11.2%	416.0	11.6%	11.7%	11.6%	10.5%
Health Care	279.1	283.1	334.1	359.0	357.9	384.4	365.2	362.0	362.0	362.0	4.1	1.1%	5.34%	8.1%	303.1	8.7%	8.7%	8.5%	7.4%
Other	116.9	119.9	119.6	121.5	121.7	129.3	129.3	129.3	131.5	131.5	9.8	8.1%	2.38%	3.0%	112.9	3.0%	3.0%	3.1%	3.1%
Pension	285.8	287.0	297.3	317.7	316.7	367.0	363.0	363.0	363.0	363.0	46.3	14.6%	4.90%	8.4%	313.2	7.7%	7.7%	7.6%	7.5%
Contribution	143.0	147.7	150.6	152.4	167.6	205.0	202.7	202.7	202.7	202.7	35.2	21.0%	7.23%	4.7%	174.9	4.1%	3.7%	3.8%	3.7%
Health Care	110.0	103.8	105.0	130.2	136.0	147.9	146.3	146.3	146.3	146.3	10.3	7.6%	5.87%	3.4%	126.2	3.3%	3.2%	2.7%	3.2%
Other	32.8	35.5	41.7	35.1	13.1	14.1	14.0	14.0	14.0	14.0	0.9	6.6%	-15.71%	0.3%	12.0	0.3%	0.9%	1.1%	0.9%
Debt Service	158.0	163.9	169.4	179.0	187.2	183.9	183.9	183.9	183.9	183.9	(3.3)	-1.8%	3.06%	4.9%	183.9	4.5%	4.4%	4.3%	4.3%
Grants	379.6	377.9	349.6	365.7	362.9	453.0	453.0	448.0	448.0	448.0	85.1	23.4%	3.37%	10.1%	378.2	8.8%	8.9%	8.9%	9.9%
Medicaid	661.8	668.0	689.1	739.7	750.2	789.8	768.0	753.0	745.0	740.0	(10.2)	-1.4%	2.26%	16.1%	598.5	18.2%	18.0%	17.6%	17.4%
Contractual Services	517.3	511.9	513.6	537.6	526.1	611.7	611.7	602.0	602.0	587.0	60.9	11.6%	2.56%	12.8%	478.8	12.8%	13.1%	13.1%	13.4%
Supplies & Materials	69.9	68.0	66.9	68.7	61.9	75.7	72.2	72.2	72.2	72.2	10.3	16.6%	0.65%	1.5%	57.7	1.5%	1.7%	1.7%	1.8%
Capital Outlay	18.8	14.4	12.3	14.3	12.4	16.3	16.3	22.0	22.0	22.0	9.6	77.4%	3.19%	0.4%	16.2	0.3%	0.3%	0.3%	0.4%
FY Budgetary Expenditures	3,794.0	3,832.6	3,913.7	4,106.1	4,118.1	4,497.8	4,449.3	4,428.6	4,427.6	4,407.6	289.5	7.0%	3.04%	100.0%	3,728.9	100.0%	100.0%	100.0%	100.0%
Comments:																			

Table 1c.

FY 2019 & FY 2020 Expenditure Projection

	FY18 Actuals	FY19 May	FY19 vs FY18 % Change	FY20 Projection	FY20 vs FY19 % Change	Assumptions Considered
Salaries	1,421.1	1,498.0	5.4%	1,568.0	4.7%	Salary policy - \$1,000 movement through the range; 2% for educators and administrators; 1% to merit pay tables
Fringes-Other	121.7	131.5	8.1%	137.6	4.6%	Collective Bargaining Agreement negotiations
Fringes-Health Care	357.9	362.0	1.1%	378.9	4.7%	No change in rates from FY19
Pension	316.7	363.0	14.6%	379.5	4.5%	No change in rates from FY19
Medicaid	750.2	740.0	(1.4%)	762.2	3.0%	Very slight decrease in rates from FY19
Grants	362.9	448.0	23.4%	396.2	(11.6%)	Includes anticipated growth
Contractual Services	526.1	587.0	11.6%	584.7	(0.4%)	Carryover of \$18M for federal billing correction
Supplies & Materials	61.9	72.2	16.6%	71.8	(0.6%)	Includes FY20 Grant-in-Aid
Capital Outlay	12.4	22.0	77.6%	18.7	(15.0%)	Includes carryover from FY19 Bond Bill Cash projects
Debt Service	187.2	183.9	(1.7%)	186.1	1.2%	Includes FY20 One-Time Supplemental
Total	4,118.1	4,407.6	7.0%	4,483.7	1.7%	Includes carryover from FY19 Bond Bill Cash projects
						Includes FY20 One-Time Supplemental
						Includes carryover from FY19 Bond Bill Cash projects
						Includes FY20 One-Time Supplemental
						Impact from new deal finalized in February 2019

Table 1d.

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Recommended by Expenditures Subcommittee;
May 20, 2019

Table 2. DEFAC General Fund Revenue Worksheet

May-19 DEFAC Meeting	FY 2018		FY 2019			
	A Actual Collections	B DEFAC Apr-19	C % B over A	D DEFAC May-19	E % D over A	F \$ Increase D over B
Revenue Category						
Personal Income Tax	1,641.4	1,699.9	3.6%	1,718.3	4.7%	18.4
Less: Refunds	(213.2)	(210.0)	-1.5%	(191.9)	-10.0%	18.1
PIT Less Refunds	1,428.2	1,489.9	4.3%	1,526.4	6.9%	36.5
Franchise Tax	856.7	898.5	4.9%	898.5	4.9%	0.0
Limited Partnerships & LLC's	305.1	324.5	6.4%	324.5	6.4%	0.0
Subtotal Franchise + LP/LLC	1,161.8	1,223.0	5.3%	1,223.0	5.3%	0.0
Less: Refunds	(10.0)	(12.0)	20.2%	(12.0)	20.2%	0.0
Net Franchise + LP/LLC	1,151.9	1,211.0	5.1%	1,211.0	5.1%	0.0
Business Entity Fees	119.0	123.6	3.9%	123.6	3.9%	0.0
Uniform Commercial Code	23.4	25.8	10.1%	25.8	10.1%	0.0
Unclaimed Property	551.7	554.0	0.4%	554.0	0.4%	0.0
Less: Refunds	(45.5)	(110.0)	142.0%	(110.0)	142.0%	0.0
Unclaimed Prop Less Refunds	506.2	444.0	-12.3%	444.0	-12.3%	0.0
Gross Receipts Tax	245.0	258.0	5.3%	260.0	6.1%	2.0
Lottery	212.0	212.6	0.3%	212.6	0.3%	0.0
Corporation Income Tax	165.1	178.1	7.9%	185.0	12.1%	6.9
Less: Refunds	(75.3)	(40.0)	-46.9%	(45.0)	-40.3%	(5.0)
CIT Less Refunds	89.7	138.1	53.9%	140.0	56.0%	1.9
Realty Transfer Tax	143.8	150.6	4.7%	150.6	4.7%	0.0
Cigarette Taxes	123.0	126.7	3.0%	124.6	1.3%	(2.1)
Bank Franchise Tax	89.2	94.3	5.7%	94.3	5.7%	0.0
Insurance Taxes and Fees	73.4	82.1	11.9%	85.4	16.4%	3.3
Hospital Board and Treatment	38.1	36.3	-4.6%	35.3	-7.3%	(1.0)
Public Utility Tax	43.1	37.1	-13.9%	36.1	-16.2%	(1.0)
Alcoholic Beverage Tax	26.6	28.0	5.4%	28.0	5.4%	0.0
Dividends and Interest	11.7	23.6	101.3%	24.8	111.5%	1.2
Other Revenues	78.9	68.9	-12.7%	68.9	-12.7%	0.0
Less: Other Refunds	(10.2)	(23.6)	131.1%	(23.7)	132.1%	(0.1)
Net Receipts	4,393.0	4,527.0	3.1%	4,567.7	4.0%	40.7

Adj Growth Rate

4.50%

Table 2. DEFAC General Fund Revenue Worksheet

Revenue Category	May-19 DEFAC Meeting		FY 2020						FY 2021				
	G	H	I	J	K	L	M	N	O	P			
	DEFAC Apr-19	% G over B	DEFAC May-19	% I over D	\$ Increas I over G	DEFAC Apr-19	% L over G	DEFAC May-19	% N over I	\$ Increas N over L			
Personal Income Tax	1,790.7	5.3%	1,800.1	4.8%	9.4	1,884.5	5.2%	1,888.4	4.9%	3.9			
Less: Refunds	(212.5)	1.2%	(203.0)	5.8%	9.5	(222.5)	4.7%	(212.5)	4.7%	10.0			
PIT Less Refunds	1,578.2	5.9%	1,597.1	4.6%	18.9	1,662.0	5.3%	1,675.9	4.9%	13.9			
Franchise Tax	887.0	-1.3%	887.0	-1.3%	0.0	882.6	-0.5%	882.6	-0.5%	0.0			
Limited Partnerships & LLC's	338.2	4.2%	338.2	4.2%	0.0	361.9	7.0%	361.9	7.0%	0.0			
Subtotal Franchise + LP/LLC	1,225.2	0.2%	1,225.2	0.2%	0.0	1,244.5	1.6%	1,244.5	1.6%	0.0			
Less: Refunds	(10.0)	-16.7%	(10.0)	-16.7%	0.0	(10.0)	0.0%	(10.0)	0.0%	0.0			
Net Franchise + LP/LLC	1,215.2	0.3%	1,215.2	0.3%	0.0	1,234.5	1.6%	1,234.5	1.6%	0.0			
Business Entity Fees	126.8	2.6%	126.8	2.6%	0.0	130.1	2.6%	130.1	2.6%	0.0			
Uniform Commercial Code	26.8	3.9%	26.8	3.9%	0.0	27.2	1.5%	27.2	1.5%	0.0			
Unclaimed Property	525.0	-5.2%	540.0	-2.5%	15.0	465.0	-11.4%	500.0	-7.4%	35.0			
Less: Refunds	(110.0)	0.0%	(110.0)	0.0%	0.0	(110.0)	0.0%	(110.0)	0.0%	0.0			
Unclaimed Prop Less Refunds	415.0	-6.5%	430.0	-3.2%	15.0	355.0	-14.5%	390.0	-9.3%	35.0			
Gross Receipts Tax	268.3	4.0%	268.3	3.2%	0.0	279.0	4.0%	279.0	4.0%	0.0			
Lottery	202.4	-4.8%	202.4	-4.8%	0.0	202.4	0.0%	202.4	0.0%	0.0			
Corporation Income Tax	180.2	1.2%	187.2	1.2%	7.0	186.0	3.2%	193.2	3.2%	7.2			
Less: Refunds	(75.0)	87.5%	(75.0)	66.7%	0.0	(80.0)	6.7%	(80.0)	6.7%	0.0			
CIT Less Refunds	105.2	-23.8%	112.2	-19.9%	7.0	106.0	0.8%	113.2	0.9%	7.2			
Realty Transfer Tax	156.4	3.9%	156.4	3.9%	0.0	162.8	4.1%	162.8	4.1%	0.0			
Cigarette Taxes	129.7	2.4%	127.7	2.5%	(2.0)	126.1	-2.8%	124.2	-2.7%	(1.9)			
Bank Franchise Tax	98.8	4.8%	98.8	4.8%	0.0	100.0	1.2%	100.0	1.2%	0.0			
Insurance Taxes and Fees	73.7	-10.2%	74.1	-13.2%	0.4	80.6	9.4%	87.0	17.4%	6.4			
Hospital Board and Treatment	35.7	-1.7%	35.7	1.1%	0.0	35.0	-2.0%	35.0	-2.0%	0.0			
Public Utility Tax	36.5	-1.6%	35.2	-2.5%	(1.3)	36.2	-0.8%	34.4	-2.3%	(1.8)			
Alcoholic Beverage Tax	28.6	2.0%	28.6	2.0%	0.0	29.1	NA	29.1	2.0%	0.0			
Dividends and Interest	31.3	32.6%	32.4	30.6%	1.1	18.9	-39.6%	18.1	-44.1%	(0.8)			
Other Revenues	70.4	2.2%	70.4	2.2%	0.0	72.4	2.8%	72.4	2.8%	0.0			
Less: Other Refunds	(17.8)	-24.6%	(18.8)	-20.7%	(1.0)	(17.8)	0.0%	(18.8)	0.0%	(1.0)			
Net Receipts	4,581.2	1.2%	4,619.3	1.1%	38.1	4,639.5	1.3%	4,696.5	1.7%	57.0			

Adj Growth Rate

1.75%

2.00%

Table 3. Balance and Appropriations Worksheet

FY 2019 EXPENDITURES		FY 2019 BALANCES		FY 2020 APPROPRIATION LIMITS	
Total Spending Authority	\$4,745.2	Total Expenditures	\$4,407.6	FY 2020 Revenue Estimate	\$4,619.3
Less: Continuing Appropriations & Encumbrances from FY 2019	(\$318.6)	vs. FY 2019 Revenues	4,567.7	Unencumbered Cash Balance from FY 19	\$350.9
Less: Reversions	(\$19.0)	Operating Balance	160.1	100% Appropriation Limit	\$4,970.1
Total Expenditures	\$4,407.6	Prior Year Cash Balance	\$749.8	98% Appropriation Limit	<u>\$4,870.7</u>
		Cumulative Cash Balance	909.9	Prior 98% Appropriation Limit	\$4,793.5
		Less: Continuing Appropriations & Encumbrances from FY 2019	(318.6)	Increase (Decrease) from Prior Meeting	\$77.2
		Less: Budgetary Reserve Account	(\$240.4)	Sept. 2018 98% Appropriation Limit	\$4,647.3
		Unencumbered Cash Balance 6/30	\$350.9	Increase (Decrease) from September 2018	\$223.4

Table 4.

Delaware Department of Transportation												
FY 2019 Expenditures, Through April 30, 2019												
	FY2017 Actual	FY2018 Actual	FY2019 Appropriation	SEPTEMBER FY2019 Forecast	DECEMBER FY2019 Forecast	MARCH FY2019 Forecast	APRIL FY2019 Forecast	MAY FY2019 Forecast	\$ difference	\$ difference Forecast V. FY2018 Actual	FY2019 YTD Spend	% spent YTD
Operations			w/o US301									83%
Debt Service	94.0	91.6	94.5	94.5	94.5	94.5	94.5	94.5	0.0	2.9	94.5	100%
Personnel Costs	91.5	90.7	92.7	92.7	94.5	94.5	94.5	94.5	0.0	3.8	79.9	85%
Operations/Capital Outlay	56.4	62.8	66.1	65.1	65.1	65.1	65.1	65.1	0.0	2.3	53.9	83%
Transit Operations (DTC)	87.8	89.8	93.2	93.2	93.2	93.2	93.2	93.2	0.0	3.4	77.7	83%
Total Expenditures - Operations	329.7	334.9	345.5	345.5	347.3	347.3	347.3	347.3	0.0	12.4	306.0	88%
State Capital												
Road System	135.1	146.4	153.0	153.0	163.2	183.2	183.2	198.8	15.6	52.4	156.2	79%
Grants & Allocations	22.7	24.7	33.3	33.3	33.3	33.3	33.3	28.0	(5.3)	3.3	25.4	91%
Support Systems	37.8	42.9	43.7	43.7	43.7	43.7	43.7	49.0	5.3	6.1	41.3	84%
Transit	21.9	19.9	40.0	40.0	29.8	29.8	29.8	25.8	(4.0)	5.9	22.6	88%
State Capital	217.5	233.9	270.0	270.0	270.0	290.0	290.0	301.6	11.6	67.7	245.5	81%
Federal Capital												
Federal Capital	215.9	233.9	275.0	275.0	275.0	245.0	245.0	230.0	(15.0)	(3.9)	171.9	75%
Total Expenditures - Capital	433.4	467.8	545.0	545.0	545.0	535.0	535.0	531.6	-3.4	63.8	417.4	79%
TOTAL EXPENDITURES	763.1	802.7	890.5	890.5	892.3	882.3	882.3	878.9	(3.4)	76.2	723.4	82%

	SEPTEMBER FY2019 Forecast	DECEMBER FY2019 Forecast	MARCH FY2019 Forecast	APRIL FY2019 Forecast	MAY FY2019 Forecast	\$ difference	% spent YTD
DelDOT	890.5	892.3	882.3	882.3	878.9	(3.4)	82%
US301	127.7	127.7	117.7	117.7	117.7	-	71%
TOTAL	1,018.2	1,020.0	1,000.0	1,000.0	996.6	(3.4)	81%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues									
	FY17	FY18	% Chg.	Fiscal 2019			Fiscal 2020		
				4/22/19 Approved	5/20/19 Recomm	% Chg. FY 18	4/22/19 Approved	5/20/19 Recomm	% Chg. FY 19
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$133.7	\$138.8	3.8%	\$142.4	\$142.4	2.6%	\$143.8	\$143.8	1.0%
Route 1 Toll Road	61.3	62.0	1.1%	\$64.0	\$64.0	3.3%	\$65.0	\$65.0	1.6%
Concessions	<u>2.5</u>	<u>2.4</u>	<u>-4.0%</u>	<u>\$2.5</u>	<u>\$2.5</u>	<u>0.0%</u>	<u>\$2.6</u>	<u>\$2.6</u>	<u>0.0%</u>
Total Toll Road Revenues	197.5	203.2	2.9%	\$208.9	\$208.9	2.8%	\$211.4	\$211.4	1.2%
<u>MOTOR FUEL TAX ADMIN.</u>	132.1	134.1	1.5%	\$142.4	\$144.4	7.7%	\$143.8	\$145.8	1.0%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	116.3	116.2	-0.1%	\$119.3	\$119.3	2.6%	\$121.1	\$121.1	1.5%
Motor Vehicle Registration Fees	54.5	55.9	2.6%	\$58.0	\$58.0	3.8%	\$58.8	\$58.8	1.4%
Other DMV Revenues	<u>40.2</u>	<u>40.2</u>	<u>0.0%</u>	<u>\$40.7</u>	<u>\$40.7</u>	<u>1.3%</u>	<u>\$41.3</u>	<u>\$41.3</u>	<u>1.5%</u>
Total DMV Revenues	211.0	212.3	0.6%	\$218.0	\$218.0	2.7%	\$221.2	\$221.2	1.5%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	13.7	13.0	-5.1%	\$12.6	\$12.6	-3.2%	\$12.6	\$12.6	0.0%
Investment Income(Net)	<u>0.3</u>	<u>3.0</u>	<u>900.0%</u>	<u>\$4.0</u>	<u>\$4.0</u>	<u>31.2%</u>	<u>\$4.0</u>	<u>\$4.0</u>	<u>0.0%</u>
Total Other Transp. Revenue	14.0	16.0	14.3%	\$16.6	\$16.6	3.8%	\$16.6	\$16.6	0.0%
GRAND TOTAL	\$554.6	\$565.6	2.0%	\$585.9	\$587.9	3.9%	\$593.0	\$595.0	1.2%
				Fiscal 2019			Fiscal 2020		
US301 Revenues	\$ -	\$ -		\$ 7.9	\$ 7.9		\$ 17.8	\$ 17.8	
TOTAL	\$ 554.6	\$ 565.6	2.0%	\$ 593.8	\$ 595.8	5.3%	\$ 610.8	\$ 612.8	2.9%